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SUBJECT: U.S.-EU NONPROLIFERATION CONSULTATIONS

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INTRODUCTION

1.(U) This cable is sensitive but unclassified. Please handle accordingly.

¶2. (SBU) Summary: On July 20 and 21, the Bureau of International Security and Nonproliferation (ISN) and interagency officials hosted a delegation from the European Union (EU) to continue discussions on nonproliferation of weapons of mass destruction (WMD). Productive talks covered a wide range of mutual nonproliferation concerns, expressing broad agreement on initiatives by the G-8, EU, and USG. Discussions convened in executive joint sessions with both the European Council Secretariat (Council) and the European Commission (EC) representatives, after which the Council representative departed for separate meetings, and delegations settled in for expert-level discussions with the EC. Topics included the Nuclear Nonproliferation Treaty (NPT) Review Conference (RevCon), the Comprehensive Nuclear Test Ban Treaty (CTBT), the G-8's Global Partnership Against the Spread of Weapons and Materials of Mass Destruction (Global Partnership or GP), UN Security Council resolution (UNSCR) 1540, the Proliferation Security Initiative (PSI), export control assistance, the G-77, the International Atomic Energy Agency (IAEA), and other outreach initiatives. At the conclusion, delegates discussed means to further implement UNSCRs with regard to Iran. The head of the visiting delegation commented that the EU's priorities correspond to those of the United States.

¶3. (U) Summary Continued: This meeting is part of a long-term coordination based on the 2007 U.S.-EU Summit Declaration, which called for promoting greater coordination of nonproliferation efforts through UNSCR 1540. The 2008 U.S.-EU Summit Declaration reiterated this call. Last November U.S. nonproliferation officials hosted consultations on the stability program and third country assistance (reftel). The July 20-21 meetings continued this pattern of transatlantic nonproliferation coordination, and for the first time under this format with both the Council (which has primary responsibility for foreign and security policy in the EU system) and the Commission. Annalisa Giannella, the Personal Representative of EU High Representative Javier Solana for WMD Nonproliferation, led the European delegation along with Richard Wright of the EC's Directorate-General for External Relations (RELEX). The delegation also included RELEX nonproliferation experts Bruno Dupre and Jean-Paul Joulia. End Summary.

EXECUTIVE JOINT SESSION

¶4. (SBU) After welcoming remarks by EUR Acting DAS William Lucas, ISN DAS Eliot Kang described our top five nonproliferation priorities as ensuring success in the NPT RevCon; dealing with noncompliant states; ratification of the CTBT, negotiation of a Fissile Materials Cut-Off Treaty (FMCT); and ensuring that peaceful nuclear energy does not contribute to proliferation. Kang also briefed the Europeans on the Nuclear Security Summit, which the United States plans to host in March 2010. Noting that the USG plans to use existing initiatives and fora to carry out the purposes of the Summit)- securing dangerous nuclear material)- he stressed that we intend to give priority to control of fissile materials. Kang also made clear that the President,s reference to "institutionalizing" PSI and the Global Initiative to Combat Nuclear Terrorism (CICNT) does not mean the United States proposes to establish a secretariat or other similar body, but rather to secure multilateral buy-in. Giannella and Wright opened with presentations of priorities and briefed interagency partners on the results of the 2009 New Lines of Action. EU representatives discussed EU/EC contributions to the GP, GICNT, Centers of Excellence, and the PSI. ISN responded to each subject and introduced discussions on UNSCR 1540; multilateral nuclear approaches (MNAs); and nuclear, chemical, and biological safety and security. Giannella stressed throughout that transatlantic cooperation was

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becoming increasingly possible for the EU. Her presence demonstrated that fact and was also intended to show the coherence of Council and EC actions.

MULTILATERAL TREATIES

¶5. (SBU) The EU agrees that the NPT RevCon is the most important event on the horizon and that the three pillars of nonproliferation, disarmament, and peaceful uses of nuclear energy must all receive adequate treatment. U.S. leadership on the post-Strategic Arms Reduction Talks (START) agreement has set a conducive tone for the disarmament pillar, Giannella observed, but she remained concerned that the non-aligned states would hesitate to recognize progress. This situation requires selling the START follow-on agreement. Giannella also had concerns regarding how the NPT review process will deal with peaceful uses, as evidenced by the opposition of the non-aligned countries to putting "multilateral approaches to the nuclear fuel cycle" on the agenda of the IAEA Board of Governors (BOG). The Arab-Israeli dispute also had to be dealt with in the NPT process, and Giannella wondered what the United States was ready to do in this area. She again noted a good atmosphere at the NPT Preparatory Committee, but worried that it was not stable.

¶6. (SBU) Giannella described the EU's Action Plan to promote CTBT ratification and opined that China would ratify at the same time as the United States. She thought that Israel, India, and Pakistan were greater problems. On FMCT she noted the French concern that if negotiations on a verification protocol were lengthy, the normative prohibition on fissile material production would not take effect for a long time. This concern led some to the idea of negotiating a verification protocol after the basic agreement had been concluded, and Giannella wondered what the United States thought of that approach. She also said that the EU had the practice of always mentioning chemical and biological disarmament along with nuclear, noting that those issues were more directly related to terrorism.

THE G-8

¶7. (SBU) Ambassador Bonnie Jenkins, U.S. Coordinator for Threat Reduction Programs, thanked the EU for its strong support of efforts to expand the GP geographic scope and its funding for addressing global WMD threats. Giannella mentioned the EU's interest in details regarding the announced March Global Summit on Nuclear Security, presuming the Summit would raise funds for international efforts. Jenkins reiterated that the United States views the Summit not as a new initiative but as a launching pad for the new international effort to secure all vulnerable material worldwide within four years. Giannella noted that obtaining Russia's active participation in the GP would continue to be a challenge, as a number of G-8 members have not fulfilled their 2002 GP pledge; however, she declared that de facto expansion of GP program efforts had already begun and will continue.

¶8. (SBU) Wright described the EU's commitment to the GP)- one billion euros, of which nine-tenths had been committed and eight-tenths disbursed. What was important now is to broaden the scope to the Middle East, Southeast Asia, and other regions. A key part of the EU's approach would be to develop Centers of Excellence. Jenkins told the Europeans that the United States also supports the expansion of the GP and wonders how to move forward. Dupre thought the GP could develop new forms of threat reduction programs, even "coalitions of the willing," and emphasized the utility of scientist engagement. Giannella noted that a major problem with the GP now is the difficulty in convincing states that they should provide funding to Russia, with which the GP is closely identified.

¶9. (SBU) Giannella addressed ISN on the Nonproliferation Directors' Group (NPDG))- the policy-oriented nonproliferation activity of the G-8)- which she pointed out, accomplishes little beyond agreeing on statements. She was concerned that the NPDG had reached an impasse: Russia absorbed much of the time of its discussions, and Canada)- the 2010 chair)- was not enthusiastic about multilateral approaches to nuclear energy, which Giannella considers the

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most important G-8 topic. ISN expressed similar concerns over the way the NPDG had been developing. ISN experts also raised the subject of the G-8 Bioterrorism Experts Group, noting that this group has held a number of useful workshops and exercises since 2004, but that there has been little policy-level discussion of bioterrorism. They suggested that it might be useful to consider whether the list of topics agreed in 2004 should be updated, whether policy recommendations should be forwarded to senior officials, and if so, in what venue such policy discussions should be held. ISN experts stressed that the United States is seeking to stimulate discussion among G-8 partners on these questions, rather than making specific proposals at this time.

¶10. (SBU) On UNSCR 1540, Giannella encouraged consultation about a problem of perception. Since developing countries see proliferation as a largely Western problem, developed states must think carefully about promoting 1540 under G-8 auspices; promoting nonproliferation within a broader organization might encourage more robust international participation. Despite this, both she and the EC staff were preparing to participate in the upcoming Berlin G-8 expert-level meeting. U.S. 1540 Coordinator Thomas Wuchte welcomed the EU 1540 G-8 nonpaper as a good basis of discussion to address developing countries' perceptions. Giannella agreed with the United States on the desirability of expanding the GP, noting existing programs outside Russia and other former Soviet states.

¶11. (U) Treasury Department representatives briefed the Europeans on ongoing efforts of the Financial Action Task Force (FATF) to stop proliferation. The FATF has issued three sets of guidance and one typology report. These issuances are not part of the FATF 40 plus nine

recommendations and, as such, are not considered as criteria for assessment in the mutual evaluation process. A proliferation finance project team is considering the following four general issues: legal systems, preventive measures, awareness, and investigation. The team's goal is to present policy options to an upcoming FATF plenary.

EXPORT CONTROL ASSISTANCE

¶12. (SBU) Visiting delegates stated that the EC has six to 10 million euros for export control assistance, but noted the absence of a consistent funding rationale. Before the end of the year, they would like to implement a strategic approach for selecting countries for their outreach, and hope to coordinate with the United States to avoid duplication. In order to determine funding priorities, the EC will evaluate activities that have been executed, assess risks and threats, and consult with Member States. Dupre prefers a regional approach. There will be no additional EC export control funding this year, since the German export control authority (BAFA) is still implementing previously-funded activities and they are wrapping up projects with Russia. ISN notionally proposed organizing an information-sharing meeting with BAFA and the EC in Europe in late September or early October. The EC representatives agreed to this notion.

¶13. (SBU) ISN provided an overview of the EXBS program and observed that the EC treats its border security efforts, including those related to preventing "illicit trafficking," as distinct from "export controls" (e.g., laws regulations, licensing processes). ISN noted that the EXBS program takes a holistic approach and that enforcement at the border is a critical component of effective strategic trade controls. The Europeans noted that funds go separately to export control and illicit trafficking enforcement groups, which are not talking to each other, and seemed inclined to try to combine them the way EXBS does. They mentioned that their illicit trafficking experts are part of the Energy Department (DoE)-chaired Border Monitoring Working Group and committed to look into EC support for expanding the group to include those working on "export controls." ISN also confirmed agreement by the EC representatives to the donor coordination process that had been discussed at the EXBS program's recent International Export Control Conference in Istanbul, and proposed working to expand formal coordination beyond information sharing to include the project planning phase and development of strategies in approaching key countries. EC representatives were receptive.

¶14. (SBU) ISN provided updates on EXBS program activities in countries of interest to the EC and made suggestions for

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engaging most effectively. EC delegates noted they would like to create more international Centers of Excellence and discussed countries to which the EC may expand assistance by next year. The Centers' concept seems to still be evolving, but is consistent with ISN's suggestion that the EC take a regional approach to assistance where possible, given limitations to date on EXBS' ability to do so. With respect to Thailand, ISN recommended assistance on the licensing process, including provision of an automated licensing system (such as the one developed by South Korea), as well as support for Thailand's idea to reach regional agreement on adoption of an EU-based control list. EC representatives noted that Tunisia has expressed interest in working with the EC and that the EC started a regional program in North Africa. The EU has an existing program in Malaysia and the Europeans noted that the Malaysians have expressed interest in moving forward, in careful coordination with other donors.

With respect to EC interest in Egypt, ISN noted a lack of traction for the EXBS program outside of enforcement, and suggested the EC focus on legal or regulatory training. ISN supported the EC's interest in working with Pakistan and

Central Asia, as well as program expansion in Afghanistan. The EC would like to expand in Africa and is considering launching programs in South Africa, Kenya, Botswana, Nigeria, Cameroun, and Ghana. They favor exchanging plans for Africa.

The Europeans also mentioned China and Ukraine as potential funding priorities. European delegates said they need to have solid recommendations for specific activities to fund by spring 2010, and welcomed additional input.

G-77

¶15. (U) ISN described plans to engage key G-77 BOG members such as Argentina, Brazil, Mexico, and the Philippines, and noted that criteria of supply were a major unresolved issue. Giannella seemed surprised that the USG regards the June GOG debate as a positive development. She made the point that Argentina and Brazil already hold technologies for uranium enrichment and spent nuclear fuel reprocessing technologies (ENR), and speculated that our efforts should instead concentrate on BOG members that do not already have such technology. ISN replied that the ENR holders, Argentina, Brazil, and India, are among the most vocal critics of the MNA proposals, noting that some of the other BOG members, e.g. Ghana, Mexico, and Malaysia, were rather positive in the BOG discussion. EU representatives sought assurances that ISN does not think the MNA issue was dead after the June BOG. The Europeans are awaiting political direction before being able to engage on criteria of supply.

IAEA

¶16. (U) ISN briefed the Europeans on USG commitment to strong and effective IAEA Nuclear Security and Safety Programs. Since 2002, the USG has contributed USD 51.8 million through the IAEA's Nuclear Security Fund. Supported activities include physical protection of radioactive materials. ISN emphasized that it is important for the IAEA to become more proactive in identifying nations most in need of security enhancements and encouraging them to seek assistance. A stable and predictable funding stream for IAEA's nuclear security activities is vital to its success. ISN urged support for the IAEA's proposed 2010-2011 budget to begin regularizing funding for the Office of Nuclear Security.

OUTREACH

¶17. (U) ISN briefed the experts on the Preventing Nuclear Smuggling Program's collaboration with the Instrument for Stability on nuclear forensics assistance and efforts to promote the use of national nuclear forensics libraries as a basis for cooperation among governments investigating illicit uses of nuclear material. Joulia and Dupre view the collaboration as successful and expressed support for nuclear forensics libraries. ISN will work with the DoE to produce a cost estimate in response to the Europeans' request.

¶18. During the executive session, Gianella argued for official EU participation in the PSI. ISN answered that the EU provides a complementary and supportive legal basis for the PSI, but that decisions to participate in any specific

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interdiction actions, and thus formal PSI participation, remain with national governments. Furthermore, since all EU states are PSI partners and 10 of 20 Operational Experts Group (OEG) participants are EU states, EU interests are already well-represented in PSI activities. Additionally, ISN conveyed that interdictions are conducted on a national basis and a formal EU role, especially in the OEG, risks unnecessary bureaucratization of the PSI. ISN also stressed

that the PSI is not a legal forum to write or make new laws related to interdiction related actions. Regarding future participation, ISN conveyed that the EU has been invited to observe PSI activities, and there may be room for formalizing observer status for the EU in PSI, as is currently done in the Global Initiative to Combat Nuclear Terrorism.

¶119. (SBU) ISN outlined its position on the International Science and Technology Center (ISTC) in Moscow and briefed Wright on indications from Russian officials over the past year, without elaboration, that their government is giving serious consideration to withdrawal from the ISTC. Russian officials argue that the original objectives of the ISTC)- helping Soviet-era weapons scientists transition to non-weapons work in order to reduce the chances they might offer their expertise to proliferant states or terrorist groups)- have been fully accomplished. From a Russian perspective, the original mission, paying scientists because the GoR could not, is now an embarrassment. ISN noted that, although USG funding has dropped significantly, there is continued value in an ongoing ISTC mission in some form, preferably including addressing nonproliferation and counterterrorism objectives. Despite this, the Russian input on a viable future for the ISTC is necessary before any real transformation can take place. ISN strongly encouraged the EU to join the United States in raising this issue with high-level Russian officials. Wright noted that it has a similar view on ISTC transformation and the need for Russian input and also mentioned that the EC funds for ISTC activities are decreasing in light of the need to address other global threats.

¶120. (U) ISN's Nuclear Smuggling Outreach Initiative (NSOI) team continued its discussions with the EC on possible contributions from the Instrument for Stability Fund to anti-nuclear smuggling assistance projects in the Caucasus and Central Asia. The NSOI Coordinator provided to the EC reps a paper on the detection equipment needs of Georgia and other Caucasus countries to support monitoring of green borders. The EC representatives agreed to review that paper and provide a response in the coming months. The sides also discussed EC plans for assisting at ports of entry in Central Asia. EC delegates confirmed that they had set aside funds for such assistance, probably to be used in one or more of the three countries, i.e. Tajikistan, Uzbekistan, and Turkmenistan, on Afghanistan's northern border. As a next step, NSOI agreed to provide the Europeans with the names of contacts in the U.S. Embassies and host governments in these four countries. The NSOI Coordinator also updated the delegation on NSOI's efforts as well as plans to engage countries in South Asia, Africa, and Eastern Europe.

¶121. (SBU) ISN briefed the experts on the Chemical Security enhancement program (CSP). The threat consists of proliferators and terrorists seeking to use industrial chemicals as a low-cost alternative, recruit scientists, and use chemical weapons. ISN recalled the 1984 accident in Bhopal, India, the 1995 Aum Shinrikyo sarin attack in Tokyo, and more recent chlorine bomb attacks in Iraq. Terrorist intent, poor lab security, and widespread availability also contribute to the threat. CSP seeks to deter malefactors from accessing expertise and materials. The Program works with governments and industry to grow capabilities and engages scientists through training, particularly at the Centers of Excellence in Thailand and Jordan. Joulia expressed interest in future EC projects in this area and mentioned that this could be of interest in the industrial context.

¶122. (SBU) Joulia and Dupre expressed the EC's continued interest in coordinating global biological threat reduction activities with the Departments of State and Defense worldwide to reduce the biological threat. ISN expressed a desire to closely coordinate with international donors such as the United Kingdom, Canada, and Australia. Joulia and Dupre welcomed this to avoid duplication of effort. ISN briefed on the Biosecurity Engagement Program, which provides over USD 27 million in FY2009 to engage biologists, secure

dangerous pathogens, improve biosafety, and build capacity to

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combat emerging infectious diseases. Joulia outlined the EC biological threat reduction priority regions, referencing future focus in Southeast Asia, the Middle East, and possibly Africa.

¶23. (SBU) Joulia and Dupre highlighted the 2.5 million euros that have been earmarked for Iraqi scientist redirection, and ISN thanked the EC for its significant contribution. (Note: ISN provided the EC with information on needs in this area last year, and this funding is a result of our request. End Note.) Joulia stressed that the funding was not yet a certainty, but that he would learn the final outcome of members, decision in the fall. ISN stressed that the United States stands ready to work with the EC to coordinate this funding if awarded, which the EC plans to use for radiation safety and non-destructive testing activities spearheaded by the Iraq Scientist Engagement Program. Dupre requested an ISN DAS-level endorsement of the importance of EC efforts on these activities to help the EC make the case during an internal management meeting in September.

IRAN

¶24. (SBU) ISN urged the Europeans to maintain robust implementation of the UNSCRs, uphold a unified message, and, if necessary, increase the pressure on Iran. The USG is monitoring UNSCRs 1737 (2006), 1747 (2007), and 1803 (2008); advising our partners on implementation; and effectively implementing the resolutions through domestic legislation. ISN proposed cooperation on UNSCR 1737's third operative paragraph to prevent the supply, sale, or transfer to Iran of all items, goods, materials, equipment, and technology that could contribute to Iran's enrichment-related reprocessing or heavy water-related activities, or to the development of nuclear weapon delivery systems. Specifically, ISN singled out the Stability Instrument as a tool that could be used to engage African countries in the monitoring of their uranium mines. Such an effort would serve to help ensure that Africa does not wittingly or unwittingly transfer uranium, a proscribed item, to Iran, and to ensure private-sector compliance with UNSCR obligations. ISN also emphasized to the Europeans that the United States is committed to resolving the matter diplomatically, but that the current opportunity for engagement will not last forever. The USG will realistically consider the next steps should Iran fail to respond to our overtures. EC representatives welcomed these ideas and committed to further discussion.

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